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### THE ECONOMICS OF REARMAMENT

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The long-awaited White Paper has appeared—this year without the initials “J.R.M.”. The country now knows the general lines of the Government’s rearmament programme. With the politics of this programme we are not immediately concerned. Suffice it to say that the “duality” of the Government’s foreign policy, which the Labour Party has continually and consistently exposed, is now wearing very thin. The arguments which are adduced in support of the programme, indeed, are almost entirely those of the imperialist and isolationist, and hardly at all those of the advocate of a strongly armed League. Very significantly, “the defence of vital British interests” is put first, with “the application of the policy of collective security” as only an afterthought. There is no attempt to demonstrate that Britain is insufficiently armed to play her part in the collective security system: there is no conception of the League even as a sort of defensive military alliance against the Fascist countries. The arguments, indeed, are on a quite different plane. French and Belgian (!) rearmament is cited as a justification for British rearmament: the United States, it appears, is a potential enemy. Even the new German Navy, the illegal building of which the British Government has actively encouraged by the Anglo-German Naval Treaty (itself a reason for French and Belgian rearmament) is “an addition to the armaments of the world which cannot be left out of account”. Britain’s rearmament, in fact, is based on the old fatal idea that “the prime function . . . is to provide an effective deterrent to any attack upon the vital interests of this country”, the idea which, a quarter of a century ago, landed Britain and the world into war. And through the whole White Paper runs the conviction that there is a state of emergency, that war is imminent—though no mention is made of a potential adversary—and that there is nothing to be done but to put the industry of the country in a state of preparedness for war and to frighten Parliament and the people into accepting a massive rearmament programme.

Only the first instalments of this programme have yet been published. First of all, the armed forces must be “prepared for emergency”. The Navy must accumulate bigger stocks of ammunition and stores of all kinds, the ships must be re-fitted, present construction must be accelerated. The Army must be equipped “with the most modern armament and material”. For the Air Force, “the provision of adequate reserves

in both men and material is an essential and urgent need”, and here again the present programme must be speeded up. These are the first requirements of the programme. These preparations alone, without any more new construction and expansion at all, increase the Defence Estimates from £124,250,000, the original figure for 1935-6, *plus* supplementaries totalling £13,176,000, to £158,211,000 in 1936-7, the highest estimates since demobilisation was complete, twice as high as those of 1913-14 and 44 per cent. higher than the Estimates under the second Labour Government.

#### THE NAVY

But this “preparedness” is only the beginning. All three services must be expanded, and must be expanded speedily without any waiting for a co-ordinated defence policy. There is no time, apparently, for experiments to discover whether battleships are actually preferable to bombers. The expansion must be pushed ahead energetically on all fronts. Considerations of foreign policy and of “the methods which British policy is pursuing to secure the establishment of peace on a permanent footing” must take second place. The speed of naval expansion, however, is decidedly limited. The provisions of the London Naval Treaty prevent Britain from laying down capital ships before the beginning of 1937, and our tonnage of new cruisers and submarines, too, is restricted for the rest of 1936. Moreover, the Naval Conference is still in session and will probably secure some sort of agreement to limit the size of ships and guns. This must delay the preparation of detailed plans. And finally, the autarchic foreign trade policy of Mr. Elliot, and the consequent depression of shipbuilding, has impaired the industry’s capacity to build a rapid programme and has actually caused something of a labour shortage. This, incidentally, is a somewhat Gilbertian commentary on the merits of an unplanned capitalism, purely from the point of view of national defence.

The naval programme, therefore, will be developed only slowly. But its main outline is already fairly clear. First of all, two capital ships will be laid down in the spring of 1937. These will cost about £15,000,000, a bill which will be spread over four years. Hardly any of this bill will come into the 1936-37 accounts. Secondly, the number of cruisers will be increased from 50—the London Treaty limit—to 70, of which ten may be over-age. No indication is given of the period in which



this goal is to be reached. If the increase is to be achieved by the end of 1940—nearly five years—23 new cruisers will have to be laid down by the end of 1938. Of these, five will certainly be included in the 1936 programme, and three will be laid down fairly soon. The cost of these cruisers would be borne by the four budgets 1937–41. On the assumption that the 10,000-ton, 8-inch gun type of cruiser is abolished by the Naval Conference, and that some of these 23 cruisers will be small ones of the "Arethusa" type, the total cost would be in the neighbourhood of £40,000,000. Thirdly, "a steady replacement programme for destroyers and submarines is contemplated". If two flotillas of destroyers were laid down every year, the 1937–41 Budgets would have to bear a cost of rather more than £20,000,000. And finally submarines and smaller craft could hardly cost less than £3,000,000 a year, and aircraft carriers will cost at least £6,000,000 in the period. The Government's programme, therefore, although it includes only two capital ships, will cost at present prices something like £23,000,000 a year in the years of main expansion, 1937–41. In 1934, only £10,000,000 was spent on new construction; in 1935, £12,000,000; and for 1936 the estimate is £14,000,000. The 1936 Estimates total £69,930,000. If to the extra construction cost is added an allowance for greater maintenance expenditure, for more ammunition and stores, for the upkeep of an increased personnel, for the maintenance and building of a more powerful Fleet Air Arm, and for the steady expansion of the more general items, Estimates of £90,000,000 for the years 1937–41 are by no means unlikely. And this figure allows for the construction only of the two capital ships which have already been announced. If it were decided to lay down two more in 1938, and two more in each succeeding year (and this is likely), the Estimates might well top the £100,000,000 mark. There is a secular upward trend in the price of warships—the result of their growing complexity—and in these Estimates this trend is not taken into account. Moreover, a relatively small increase in wages and the cost of raw materials would add millions of pounds to the total bill. These figures may be startling, but they are essentially reasonably and conservatively based: after all, the White Paper says that the 1936 Estimates "will in all likelihood be substantially exceeded".

#### THE AIR FORCE

The Air Force expansion, of course, is well under way. Last May, a two-year programme was announced, with the object of increasing the home first-line strength from 580 to 1,500 by March 31, 1937. This programme has required an increase in the Estimate for 1935 from £20,650,000 to £27,596,000, and a 1936 Estimate of £39,000,000. The latter figure makes no allowance for the "White Paper" expansion, which will provide a further 250 planes for the first-line strength at home, and 150 for the overseas strength. "Full war reserves," too, will be provided—and this means in effect two reserves for every first-line plane. More men will be required and more stores; the further expenditure, as Lord Swinton puts it, will be "substantial". Precisely how large "substantial" may be no-one yet knows. There are two facts, however, which must be steadily borne in mind. First of all, the life of an

aeroplane is so short in times of war that air strength ultimately depends upon the capacity of the aircraft industry. The industry will be expanded, and then must be kept "prepared" by a constant flow of orders. The cost, therefore, is a function of capacity. Secondly, the rapid technical improvements in speed, range and carrying power mean that the price of engines and airframes is rising and will continue to rise. The Government has not yet decided on the prices that it will pay for machines already ordered.\* "The work," as the White Paper says, "is not delayed by the over-elaboration of financial safeguards," and the companies will drive a hard bargain. The Estimate for "aeroplanes and spares", which for 1935 totalled £7,587,000 (excluding planes for the Fleet Air Arm, which are paid for by the Admiralty), is now increased to £11,911,000. This, together with the other "technical and warlike stores" (which for 1936 total £6,580,000) may easily advance by £5,000,000, as prices and capacity increase. These account for nearly one-half of the Estimates. For the rest, the biggest items are "works, buildings and lands" and "pay and quartering". The former of these is 250 per cent. higher in 1936 than it was in 1934; work to the value of £5,175,000 will be done. Even on existing plans, however, a further £8,027,000 will be spent, and much more aerodrome accommodation will be required as the strength increases at home and abroad. And finally, the expansion of the personnel, both pilots and ground staff, must necessarily be less rapid than the increase in strength. On the whole the annual Estimates for the next few years are not likely to fall far short of £50,000,000, and they may easily be more.

#### THE ARMY

The Army gets only a consolation prize. On all grounds, the War Office has less claim to increases than either the Air Ministry or the Admiralty. The White Paper provides four battalions of soldiers, intensive mechanisation and re-stocking, better houses for the troops (the Government's attack on over-crowding) and more money for the Territorials. The increase of £4,381,000 in the 1936 Estimates for the most part represents "preparedness"; there is little expansion except in motor transport. The tank Estimate, even, is down. It is very difficult to say how much the expansion will cost. The figure for "warlike stores"—£7,185,000—is already 150 per cent. higher than it was in 1934. The Territorials and Reserves (£5,984,000) will take a large part of the extra money, and there is a heavy expenditure in the offing on the provision of new accommodation and buildings of various sorts (£4,300,000). But the extra annual cost should not be more than £10,000,000 at the outside; an increase which would bring the Army Estimate up to the £60,000,000 mark, and the total for the three services, from 1937 onwards, to £200,000,000.

The following table puts all these estimates together, alongside those of 1913–14, of 1930–31 under the Labour Government, and of 1934–35, the last year before large-scale rearmament began. A glance at the table shows that the Government, having already given the country

\* This point was admitted in the House of Commons by the Under-Secretary for Air in answer to a question by Mr John Parker on March 2, 1936.



a large dose of rearmament, is demanding rearmament on the largest peace-time scale in history. No protests can conceal that fact.

		DEFENCE EXPENDITURE (£ millions)				
		1913	1930	1934	1935	1936
						(Annual Average)
Navy ...	48.8	52.3	56.6	64.9	69.9	90.0
Army ...	28.4	40.2	39.7	44.9	49.3	60.0
Air Force ...	—	17.6	17.7	27.6	39.0	50.0
Total ...	77.2	110.1	114.0	137.4*	158.2†	200.0‡

\* The original Estimates totalled £124,250,000 and were increased to this figure by supplementary estimates ostensibly to deal with the special measures taken in connection with the Italo-Abyssinian dispute, but actually to cover accelerated naval construction.

† These original Estimates contain no provision for the expansion envisaged in the White Paper. For this, supplementaries will follow during the year. They are at present expected to cost at least £15,000,000.

‡ These Estimates cover expansion only in so far as it is definitely foreshadowed in the White Paper, e.g., including the construction of only two capital ships.

The economic implications of this programme are serious and far-reaching. The 1936 Budget will probably be able just to stand the strain of the new Estimates with a little to spare for the supplementaries, but the national revenue is hardly likely to be buoyant enough in 1937 to cover another £40,000,000. It is impossible to avoid the conclusion that in 1937 Mr Chamberlain will either have to increase direct taxation, or reduce the social services, or resort to borrowing. And this will be at a time when profits are reaching their maximum. Most prophets are forecasting a decline in economic activity in the autumn of 1937 or the beginning of 1938. This means that the national revenue will begin to decline at precisely the time at which the rearmament expenditure becomes heaviest. This means, again, that either the national debt will begin to increase very rapidly once more—and even now it is only some 3 per cent. short of the record level for all time—or the social services will be cut very severely indeed. Already armaments account for one-fifth of the Budget: it is not difficult, if the Government carries out its programme with a will, to see the proportion reaching one-third.

#### EMPLOYMENT AND THE DEPRESSED AREAS

It is argued, of course, that rearmament will reduce unemployment and will, in particular, assist the depressed areas. But this is only partly true. In so far as the money is raised by loan, or as the money raised by taxation would otherwise have been saved, there will be a net increase in employment. But it is important to keep a sense of proportion. There will be consequent repercussions of a rearmament programme of this sort which will probably decrease investment. It is fairly certain to have a bad effect upon the Gilt-edged market, and consequently upon the rate of interest and the rate of new capital development. And the value of new construction which the White Paper programme involves is very small indeed compared with the total volume of investment. At the present time, the output of the building industry, for example, is running at a rate of £330-340 million a year. At the depths of the slump it was running at about £270 million a year.

Compared with these figures, new naval construction to the tune of £9,000,000 a year is small indeed. Moreover, the effect of loan expenditure for rearmament upon the rate of interest is likely to be greater than the actual sums involved would at first sight justify: the international discord which rearmament brings can hardly fail to affect the Gilt-edged market. There is strong reason to believe, therefore, that rearmament expenditure will have far less beneficial effects upon employment than a similar expenditure devoted to housing. In the short period, indeed, the most significant contribution to employment will be the new proposals of the Government to "select" certain non-armament-producing firms and to induce them to expand their plants to provide reserve capacity. At present these plans are exceedingly sketchy—not a word is said in the White Paper about their financing except a hint of future subsidies—but once they are started, they will provide substantial employment during the period of construction.

The benefits of the programme for the depressed areas, too, have been greatly over-estimated. In point of fact, the depressed areas will benefit from only one part of the programme. The main source of expenditure, first of all, is the provision of stores and arms. Ammunition for all three services, ordnance and stocks of all kinds are the first requisite. Now most of the work of this kind is carried on outside the depressed areas—in Sheffield and in the Midlands. The expansion of the Air Force, moreover, touches the depressed areas not at all. Nearly three-quarters of the aero-engines are made by Rolls-Royce at Derby, and Bristol Aeroplane at Bristol. The airframes themselves are made by Vickers (Aviation) at Weybridge, Fairey Aviation, Handley Page, Hawker Aircraft and Bristol Aeroplane; all of which are in the South and Midlands. The accessories are made in the Sheffield and Birmingham districts. In the whole of the Air Force programme there is only incidental work for the depressed areas. Even the naval work is by no means wholly confined to the "special" areas. The actual shipbuilding and marine engineering work will for the most part be done at the Tyne and Clyde yards. About 55 per cent. of the cost of a capital ship, however, is represented by the armour, guns and gun-mountings, and most of the work for these will be done by the English Steel Corporation and by Firth and Brown at Sheffield. The Midlands, therefore, will be the chief beneficiaries from the programme. After all, for the depressed areas coal exports are the main trouble and this programme will assist coal exports not at all.

Even from the capitalist point of view, the orders which a rearmament programme involves are poorly spread. The vast majority of the work goes to a handful of firms. Broadly, there are four classes of companies which will derive substantial benefit. There are armament makers, shipbuilders, aircraft makers and makers of accessories of all kinds, tanks and so on. In none of these groups is there any large number of firms. In the first, the whole output is shared between the Vickers group (through the English Steel Corporation and Vickers-Armstrongs), Firth-Brown, Wm. Beardmore, and Hadfields. In the second, apart from Vickers and John Brown, both of which are interested in the first



group, there are only about ten companies of any real importance. In the third group, there are a dozen contractors for airframes and four for aero-engines. Only in the fourth group are a lot of companies concerned. This means that the "benefits" of rearmament will not percolate through industry as a whole, except in so far as wage and dividend increases strengthen the demand for consumers' goods; it also means that the profit level will be high. The answers of the manufacturers to questions of the Royal Commission on the subject of price rings were not very convincing. In their evidence, Vickers-Armstrongs pointed out that their average rate of net profit was 11.11 per cent, before

"special expenditure". Such a level of profit does not seem mean. Indeed, the present levels of Armament and Aviation shares show very definitely and decidedly that the profits are concentrated on a couple of dozen companies and groups at the very outside. And this means that in two or three years' time we may see the beginnings of an economic recession, with widespread depression but with little centres of prosperity all over the Midlands and in one or two shipbuilding centres. One thing is certain: the White Paper may break the national finances, but it will not cure unemployment and it will not benefit the vast mass of unemployed in the depressed areas.

## BRITISH AND WORLD TRADE AND PRODUCTION

**Table 1** General Index Numbers of Industrial Production

	Average 1927-29	FOURTH 1932	QUARTER OF YEAR 1933	1934	1935
Britain ...	100	85.2	95.6	105.4	113.5
U.S.A. ...	100	58.7	66.4	67.5	87.8
Germany ...	100	61.5	73.2	85.7	101.0
France ...	100	77.1	85.4	74.7	75.7
Japan ...	100	116.9	136.5	145.3	163.7
Sweden ...	100	86.0	96.3	112.3	—

**Table 2** Building

Britain ...	100	114.2	127.7	140.6	182.0
U.S.A. ...	100	22.0	39.8	22.8	38.0
Germany (based on production of building materials) ...	100	32.3	52.9	87.7	113.8

**Table 3** Retail Sales (Base 1929)

Britain:					
Food ...	100	90.2	91.1	93.7	102.8
All other goods.	100	88.8	93.0	95.8	100.5
U.S.A.:					
Dept. Stores ...	100	57.6	62.5	67.6	75.0
Germany ...	100	61.9	60.1	66.6	71.0

**Table 4** Foreign Trade—Retained Imports (£ sterling millions)

	Average 1928-9				
Britain ...	273	171	176	185	204.6
U.S.A. ...	216	94	83	84	108.1
Germany ...	168	87	80	89	85.8
France ...	112	90	83	72	72.1
Japan ...	51	24	33	35	44.3

**Table 5** Foreign Trade—Exports (£ sterling millions)

Britain ...	182	94	99	107	114.2
U.S.A. ...	262	125	114	114	143.4
Germany ...	155	104	94	87	98.2
France ...	103	61	60	63	54.3
Japan ...	48	30	27	35	47.4

**Table 6** Wholesale Prices—Food

	Average 1927-29				
Britain (Sterling).	100	71.0	70.5	73.3	74.8
Do. (Gold) ...	—	58.4	47.2	44.4	45.0
U.S.A. — Farm Products (\$)	100	39.7	51.4	74.7	80.4
Do. — (Gold) ...	—	—	33.1	44.4	47.6
Germany — Farm Products.	100	64.7	69.6	75.2	78.0
Do. — (Imported Products).	100	63.3	56.3	61.1	65.2

**Table 7** Wholesale Prices—Raw Materials and Semi-manufactured Goods

	Average 1927-9	FOURTH 1932	QUARTER OF YEAR 1933	1934	1935
Britain (Sterling).	100	67.1	75.5	73.0	79.1
Do. (Gold) ...	—	45.8	49.9	44.2	47.6
U.S.A. (\$) ...	100	58.7	69.9	75.0	79.8
Do. (Gold) ...	—	—	45.0	44.5	47.4
Germany ...	100	66.2	67.0	69.3	70.0

**Table 8** Wholesale Prices—Finished Manufactures

Britain—Exports (Sterling).	100	75.7	75.9	75.2	75.4
Do. — (Gold) ...	100	51.6	50.1	45.5	45.3
U.S.A. (\$) ...	100	72.7	79.0	83.4	87.1
Do. — (Gold) ...	—	—	50.9	49.5	51.7
Germany — Pro- ducers' goods	100	86.2	84.1	84.2	83.6
Do. — Con- sumers' goods	100	66.6	67.4	72.1	73.5
Do. — Total ...	100	73.9	72.7	76.7	77.3

The most important feature in world economics during recent months has been the rapid pace of improvement in U.S.A. Industrial production in that country, though still below the 1927-9 level, is now increasing rapidly month by month. This is largely based on a revival of the constructional industries, the absence of which has hitherto been the principal factor in holding back industrial expansion. The figure for the fourth quarter of the year stands at 38.0 units, but for the month of December stands very much higher.

The next most important feature is an apparent renewed weakening of the competitive power of British exports. As compared with the fourth quarter of 1934, they have risen by £7 million to £114 million. But during the same period there have been much greater rises, both absolutely and proportionately, in the exports of U.S.A., Germany and Japan. Only in France does the export trade continue to deteriorate.

Examination of price statistics does not throw much light on this problem. The big rise in American foreign trade can partly be explained by some quite extensive trading agreements which the United States' Government has concluded. In the case of Germany, prices of German manufactured goods on the face of it remain exceedingly dear. But these figures relate mainly to prices charged to the home consumer. Dr. Schacht's scheme of levies on industrial output for the purpose of subsidising exports is now in force, and many German exports are obtaining on the average something like a 25 per cent. subsidy. Whether they like it or not, those now in control of Germany's economic policy



have no alternative but to pursue such measures. Short of renewed deflation in Germany, or a devaluation of the mark, neither of which policies they consider acceptable, they find it impossible to sell sufficient German goods on the world markets to purchase their requirements of foodstuffs and raw materials.

Japan alone of all industrial countries now has an export trade at nearly as high a level (measured in sterling) as it had in 1928-29. There is no satisfactory index number showing changes in the price of Japanese manufactures, but independent evidence shows that these remain exceedingly low by European standards. Since the heavy devaluation of the yen, yen prices in Japan have not seriously risen, except in the case of commodities whose value consists to a considerable proportion of imported materials (*e.g.*, cotton yarn). With comparatively stable, or only slightly rising yen prices, the sterling prices which Japan can quote on world markets are falling yet lower.

The Board of Trade recorded a favourable balance of payments for Great Britain in 1935. In other words, if we do not wish to use the question-begging epithet "favourable", exports, together with invisible exports and receipts from foreign investments, are estimated to have exceeded imports. This result is only reached however by taking into account considerable exports of silver during 1935, which were made worth while as a result of the U.S.A. Silver Purchase Policy. Such exports are unlikely to recur and should be looked at more in the light of a capital transaction. As things are going at present, there will quite possibly be an adverse balance of payments again in 1936.

In France there is still a high adverse balance of payments, which means that France is having to borrow from abroad, or more probably part with some of her foreign assets, on rather unremunerative terms. An increasing proportion of French trade is with the French overseas colonies. But, although the French colonial traders are being persuaded or compelled to do nearly the whole of their trade with France, the colonies still do not represent nearly so important a market for French goods as British colonies do for British goods. But the attempts which are being made by both Britain and France to hold an increasing share of the trade with their colonies and dominions helps to narrow the market for German and Japanese goods, and in the long run is bound to worsen the world political situation.

Figures of industrial production show that the slump in France has not become any worse during the last year, but the output figures remain at a very low level. Among the industrial population unemployment, though we have no exact figures, is certainly exceedingly serious. Industrial production figures for Britain show a moderate increase during the year, mainly accounted for by consumption goods for the home market and building materials, and more considerable increases are shown in Germany, America and Japan. The Swedish figures are not available, pending a reconstruction of their production index number. But it appears that unemployment in Sweden has been reduced to below 10 per cent. and very prosperous conditions prevail.

The increase in Japanese production is to a considerable extent, though by no means entirely, accounted for by the rise in exports. During recent years, it will

be noticed, the rise in Japanese exports has been balanced by a rise in imports; in fact, both the U.S.A. and Australia have found Japan an increasingly good market. But during the last year there has been a tendency for exports to increase more rapidly—in other words for Japan to become a lending country. This overseas lending largely represents Japanese capital for the economic development and exploitation of Manchuria.

The figures of building plans passed in Britain have gone up to still more remarkable heights during the last quarter of 1935. The high building unemployment recorded in January must be regarded as only temporary. The value of building plans passed during recent months is enough to keep the building industry busy for many months to come. On the other hand, the value of building plans passed in January, 1936, was appreciably lower than in previous months. It is not possible to judge the situation on the results of one month alone, but future figures should be carefully watched.

As already remarked above, the building and constructional industry in the United States, after many years of dead low level, is now recovering rapidly. For Germany, the only satisfactory index of building activity is that which relates to the production of building materials. It will thus cover not only building work, but also road-making, public works, and military works of various kinds. From a very low level in 1932, it is seen to have increased rapidly during the last three years.

Retail sales figures show a moderate rise in U.S.A., and a considerably smaller rise in Germany. The United States' figures refer to department stores alone. If chain and "Ten Cent" stores had been included, the figure would have stood somewhat higher. The German figures, after taking into account changes in the cost of living, show that average real earnings per person in work have been considerably reduced. In fact, the aggregate real consumption of the community, unemployed and employed taken together, is considerably below what it was in 1929, in spite of the fact that more people are in work and the level of industrial production is higher.

There has been quite a noticeable tendency towards a rise in prices of raw materials and some manufactured goods, partly accounted for by the Italo-Abyssinian war. It will be noted that the level of gold prices of these commodities in U.S.A. and in Britain is now closely adjusted. Prices in Germany have remained hopelessly out of adjustment, being controlled largely by cartels and not by free competition. The gold prices of foodstuffs, which in 1933 were very low in U.S.A., are also now in equilibrium. This has been brought about by a considerable rise in U.S.A., partly due to drought and partly to artificial restriction in production, and by a slight fall in gold food prices in Britain.

COLIN CLARK

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## EMPLOYMENT AND WAGES

Table 9 Unemployment

	NOS. OF REGISTERED UNEMPLOYED (000)			PERCENTAGE UNEMPLOYED		
	Average 1929	Average for 4th Qtr 1934	1935	Average 1929	Average for 4th Qtr 1934	1935
Great Britain	1,262	2,109	1,889	10.4	16.2	14.5
Germany	1,915	2,408	2,107	18.7	13.1	11.2
France (partial)	10	418	412	—	—	—
U.S.A.	—	6,639	8,694†	8.2†	21.1†	17.0†

\* Not comparable. † T.U. weighted percentage. ‡ Sept.-Nov.

Table 10 Employment Indices (1929=100)

	YEARLY AVERAGES FOURTH QUARTER			
	1934	1935	1934	1935
Great Britain	99.3	101.6	100.2	103.3
Germany	85.5	90.8	87.1	92.0
France (1930=100)	76.9	73.5	72.1	73.6
U.S.A.	75.2	78.4	74.2	81.0

Table 11 Cost of Living (1929=100)

	YEARLY AVERAGES FOURTH QUARTER			
	1934	1935	1934	1935
Great Britain	86	87	88	90
Germany	79	80	79	80
France (1930=100)	83	80	82	80
U.S.A.	79	83	81	84

My article is on this occasion exceptionally jejune, because Italy has stopped publishing any figures since the beginning of the Abyssinian War, and the available wage statistics are still too scanty to enable me to bring my regular table of wage-movements up to date.

In general, there was in most countries a fall in unemployment during the last months of 1935. In the United States the employment index registered a substantial improvement and the Trade Union unemployment figures a substantial fall. These indices more accurately reflect the general economic situation than the figures of registered unemployment, which have risen sharply on account of administrative changes connected with recent social legislation. This rise represents mainly a transference of workers from other forms of public assistance to unemployment relief.

In Great Britain employment improved considerably during the year, and showed a further advance towards Christmas. There was a very big setback in January, when the figures for the building trades were adversely affected by bad weather, and a large number of fresh entrants to industry failed to find employment. There was some recovery in February; but the latest figures are still seriously below the high point reached in the last months of 1935.

In Germany registered unemployment continued to fall, doubtless largely on account of activity in the armament trades. But financial difficulties became more acute, especially in connection with foreign exchange; and employers were known to be pressing for wage-reductions as the condition of keeping up exports. There were rumours of acute differences

between Dr Schacht and the Nazi leaders; but it is not easy to say how serious these have been.

In France there has been little change. Rumours of devaluation died down when it became plain that the currency situation would remain as it was until after the General Election.

The cost of living in Great Britain continues to rise, the index for the last quarter of 1935 being two points higher than a year before. In Germany also the cost of living has risen slightly according to the official figures, and is believed to have risen more sharply in fact. In the United States the rise is still more considerable, and is already giving rise to a renewed series of strikes for higher wages. In France, on the other hand, the cost of living has continued to fall, though there was a small increase during the final months of 1935.

The authorities in the U.S.S.R. have now resumed publication of a number of statistics which have been unavailable for some time past. The number of wage-workers under the State Economic Plan stood at 24,740,000 in 1935, and is being raised to 25,725,000 in 1936, the corresponding wage-totals being 56,200,000,000 roubles in 1935 and 63,400,000,000 in 1936. The policy of reducing prices, inaugurated in 1935, is to be continued. The total national income is put at 101,600,000,000 roubles for 1935 and at 118,300,000,000 for 1936. Output in the food trades and in the lighter consumers' industries is scheduled to rise substantially during the current year. The planned increases over 1935 are 23.7% for consumers' goods and 24.2% for agriculture, as against 22.6% for producers' goods, 25% for railway transport and 19.8% for road transport. There seems to be no doubt that consumers' supplies in the U.S.S.R. have risen considerably over the past few months.

G. D. H. COLE



## IS THIS DEMOCRACY?

## PALESTINE LABOUR AND THE NEW LEGISLATURE

Dov Hos

*(Deputy Mayor of Tel-Aviv; Member of the Executive Committee of the 'Histadruth')*

## THE "JEWISH PROBLEM"

Prior to the formulation of the Zionist ideal, no real attempt had been made to discover the root of what is generally known as the "Jewish problem", and to find a lasting solution for the specific difficulties which the Jewish people has had to face since the day of its dispersal from its own country. Jewish leaders, from time to time, have endeavoured to find a way out of the troubles which beset their people, either through the belief in a messianic deliverance from all suffering; or through assimilation within the peoples among whom they lived; or, again, in the belief that only when mankind as a whole will be raised to a higher moral level, will the Jewish problem find a solution as, indeed, will all other problems. It is this last belief, which explains, to some extent, the enormously great contribution of the Jewish people to the socialist movement in all countries and particularly in eastern and central Europe.

None of the courses which have heretofore been adopted have had the desired result. German Jewry constituted one of the most completely assimilated Jewish communities of Europe. Yet this fact did not save them from the terrible fate which befell them with the advent of the Hitler régime. Russian Jewry played a decisive role in the overthrow of the slavery régime of the Czar and the introduction of the Soviet order; yet, even in the view of the Soviet authorities, the Jewish problem in Soviet Russia has by no means been solved and a remedy is being sought in the establishment of Jewish settlements and villages, and even in an attempt to create within the country itself an autonomous Jewish region.

In what consists the peculiarity of the Jewish problem? Not merely in the fact that the Jewish people is and has been persecuted in so many lands, for this is a fate which it suffers together with many other peoples; nor yet in the fact that the Jewish masses live in abject poverty, for economic misery is the lot of very large percentages of all nations. The uniqueness of the Jewish problem lies in the fact that—to quote a memorandum addressed by the General Federation of Jewish Labour to the Palestine Commission of Inquiry—

"for centuries the Jews have been divorced from soil and nature, banned through the circumstances of history from the chief branches of production, deprived everywhere, both individually and collectively, of a normal and secure basis for their material and spiritual existence, forming in every country a feeble minority, wholly dependent upon the mercy of the dominant race".

It was the revolt against the state of affairs depicted in this extract that laid the foundations of the Palestine labour movement.

The return of the Jewish people to Palestine was considered by Jewish youth, at the beginning of the

century, not merely as one more migratory movement of a people which, doomed to be "a wanderer throughout the ages", escaped from the atrocities to which they were subjected in one country, to seek refuge in another.

"Not as immigrants trying their luck in a strange land, but as rightful heirs returning to their patrimony; it is their ambition to rebuild and resettle, by the sweat of their brow, this derelict and sparsely populated land, and to link their national future with its regeneration and prosperity. Not the conquest of the country by political strength, nor its acquisition by the power of money, but its upbuilding by labour—this is the essence of their Zionist ideal." (*Ibid.*)

The migration of the Jewish youth to Palestine was, then, a migration of workers or—to be more precise—a migration of workers to be. With the enthusiasm, zeal and devotion which is so peculiarly theirs, they have succeeded, despite adverse conditions, in taking root, with an amazing degree of thoroughness, in all classes of production and in all types of manual occupations. The specific "Jewish trades", whether tailoring or carpentry work, whether religious service or commerce, do not occupy within the Jewish community in Palestine that same prominence which they occupy in all other Jewish communities. The most conclusive proof of this assertion lies in the following figures. In the diaspora only 4% of the Jewish earners are engaged in agriculture, whereas in Palestine 21.2% are agriculturists. In the diaspora 38.6% are engaged in trade; in Palestine only 15.2% are so engaged.

## THE JEWISH IMMIGRANT

For over thirty years this revolutionary movement has been in existence, gaining in strength and numbers as the passing years brought to Jewry nothing but disappointment and disillusionment; gaining in experience as it overcame, one by one, often by a process of trial and error, the almost insurmountable obstacles which confronted it.

Numerous and extremely difficult to surmount were those obstacles; and most difficult were those that were created from within. The young Jewish immigrant to Palestine had to adapt himself to totally new conditions; he migrated from a northern to a semi-tropical country; changed from mainly non-manual to hard manual labour. The young Jew—the son of a nation for 2,000 years divorced from agriculture—had to adapt himself to agriculture, and had, moreover, to raise the standard of agricultural life from the starvation level at which the Arab peasants existed.

Their endeavours, in these directions, have been crowned by a remarkable measure of success. This young Jewish generation, with no experience in agriculture, has raised the yield of wheat from 60-70 kilogrammes per dunam ( $\frac{1}{4}$  of an acre) which is even to-day the rule on Arab farms, to 120-140 kilogrammes



per dunam ; the yield of milk from 500 to 2,500-3,000 litres per year ; of eggs from 60-70 to 120-130 per year ; of grapes from 150 kilogrammes to 500 kilogrammes per dunam ; and of oranges from 50 to 110 cases per dunam.

As in agriculture, so in all other fields, the Jewish worker-immigrant has shown his capacity for adaptation. To-day there is nothing strange in Palestine in the sight of Jewish building workers and quarrymen, metal and railway workers, bus-drivers, porters, stevedores and even seamen. If an interested observer were to inquire as to a specific "Jewish trade" in Palestine, he would discover to his astonishment that building and agriculture are becoming more pronouncedly Jewish trades than dressmaking or baking.

Recent history records the establishment of colonial (overseas) settlements only as the result of the imperialistic conquests of great empires which are searching for markets or for an outlet for their surplus populations. The return of the Jewish people to Palestine is in every respect the antipode of an imperialist undertaking. Nor can the Jewish people occupy territories at the point of a sword ; the Jewish "conquest" of a place in the sun must, of necessity, be peaceful in character. Furthermore, the tale of the great Jewish wealth which is being used for the purpose of gaining greater control over Palestine is no more than a fable. Until recently—and the same is perhaps true even to-day—Palestine had much less to offer to the rich Jewish investor than had Europe, U.S.A. or South Africa. The bulk of the funds collected for the Jewish settlement in Palestine has come from the poorer sections of the Jewish masses who, at grave sacrifice to themselves, have made their small contributions to the Zionist funds. Zionism is a completely voluntary movement supported by the mass of the Jewish people. They come to Palestine not only to save themselves from persecution. They—and especially the labour faction of Zionism—desire to establish in Palestine, to which country they return after generations of wanderings and misery, a society where manual labour shall be the basis, and social justice the very foundation of their existence.

#### THE CO-OPERATIVE MOVEMENT

That is why, from the very inception of the movement, Palestine Labour has endeavoured to introduce the principles of co-operation into all its activities. To-day one can find practically no other country with so widely developed a network of co-operatives as exists in Palestine. Not only in the purchase and sale of commodities, but also in production, social services, banking, etc., the principle of co-operation dominates.

In agriculture the co-operative element has taken very wide and much ramified forms. Palestine Labour is known for its collective agricultural settlements, in which the private ownership of property has been entirely abolished and full equality within the community firmly established. These are not—as some critics wish to describe them—utopias having no prospects of practical success, and of no value in the solution of the problems which confront the working masses. They boast at present a history of 25 years. Economically these collective settlements are no worse off than other agricultural settlements, and socially and morally they have left their mark on the whole life and activity of Palestine Labour. But co-operation is not limited to

the collective settlements. The small-holders' settlements throughout the country have many co-operative elements, and even among the operatives engaged as hired labourers in privately owned estates and orange groves, co-operation plays a very important part.

Co-operative organisation in industry is predominant especially in transport. Almost the whole of the urban and inter-urban passenger traffic is in the hands of co-operatives, and this is the case also in the transport of goods. Building guilds—almost entirely forgotten in other countries—flourish in Palestine and rank among the largest enterprises in the building trade of the country, and similar attempts in agriculture are showing excellent results. In the realm of finance, the co-operative Loan and Saving Banks are growing in importance and influence, while co-operative housing is performing the duties which in other countries only municipalities or governments dare to undertake.

#### THE "HISTADRUTH"

All these co-operative activities are carried out under the control and guidance of the main organization of Jewish Labour, the General Federation of Jewish Labour (well known by its abbreviated Hebrew title, *Histadruth*). The Histadruth is the Palestine Trades Union Congress to which 85% of the workers of Palestine are affiliated. In addition to its trade union functions it acts also as the supreme authority over all co-operative societies ; it controls the agricultural collective and small-holders' settlements ; it caters—in a country with no compulsory health insurance—for the health requirements of the working people ; it performs the duties of the chief educational authority for the Labour schools and classes. In certain instances, such as municipal elections, it acts as a political entity. And even in the training abroad of prospective labour immigrants to Palestine, the Histadruth takes a great share and shoulders great responsibility. Its executive is endowed with wide powers in respect of its task of guiding and supervising the activities of the various labour institutions, and of co-ordinating them. Its membership approaches the 100,000 mark, and, with the dependants of members, constitutes approximately 40% of the Jewish population, which in turn constitutes about one-third of the total population of the country.

The Jewish people, always regarded as a nation of ultra-individualists, has demonstrated—in Palestine—its ability to achieve a degree of co-operation unknown anywhere else in the world.

#### JEWISH AND ARAB LABOUR

This Labour movement, unique in its origin and its motive forces, courageous in its attempts to solve, in a way peculiar to itself, the exceedingly difficult problems—social and economic, racial and national—with which it is faced, is only 30 years old, while its main organization, the Histadruth, was established little more than fifteen years ago, having at that time a membership of over four thousand. Its present membership consists of immigrant Jews from all parts of the globe. They came, most of them, from centres with higher standards of life to a backward and largely derelict country whose population consisted mainly of peasants, economically subjected to landlords and usurers, and spiritually under the sway of their religious chiefs. The most urgent



problem which confronted the newcomers was the need to maintain an adequate standard of wages and conditions, to raise the Arab peasants and workers to their level and not to be driven to lower their standard to that of their Arab neighbours. They have not failed in this struggle. Jewish Labour in Palestine, on the whole, is highly paid, and the Arab workers of Palestine receive a far better wage than those of Egypt, Syria or Iraq. Not only are their wages and conditions better, but the general position of Arabs in Palestine has very noticeably improved during the years of Jewish immigration. Before the war Palestine was a country of Arab emigration. Syria, even to-day, is losing considerable numbers of its inhabitants every year in favour of other countries. Since the war, however, with the increase of the Jewish population by immigration, not only has Arab emigration from Palestine ceased almost entirely, but indeed, tens of thousands of Arabs have entered the country and have found here employment and subsistence. The fiction of Arab displacement by Jews, which was given currency by official and unofficial enemies of the Zionist movement, has been totally refuted; when the opportunity arose, only some few hundreds of Arabs succeeded in substantiating their claims to be regarded as displaced.

On innumerable occasions friend and foe alike have been compelled to admit that the work of the Jewish people in Palestine, which Lord Snell has described as "as significant as anything that happened in our times", has conferred great and lasting benefits on the Arabs and on the country as a whole.

#### ASSISTANCE FROM ABROAD

A task of such a magnitude, however, cannot be carried out without the assistance of a government, and indeed without the assistance of the civilized world which has admitted that it owes a great debt to the Jewish people. This support has not been forthcoming to any adequate degree. When the question of repatriation of the Greeks living in Turkey arose, the League of Nations came to the assistance of the refugees with men and money, despite the fact that they were returning to a home of their own, to the care and protection of their own nation and their own government. The migration of Assyrians from Iraq and their settlement in Syria has also been supported, politically and financially, by the League of Nations. The return of the Jews to Palestine has been left almost completely in their own hands. It is true that at the close of the war, Great Britain gave to the Jews that famous pledge known as the Balfour Declaration; it is true that the League of Nations proclaimed Palestine as a Mandated Territory and appointed Great Britain as Mandatory Power; it is true, furthermore, that the Mandate for Palestine contains explicit statements concerning the historic connection between Palestine and Jewry and solemn undertakings for the establishment of a National Home for the Jewish people, the facilitation of Jewish immigration and the encouragement of close settlement on the land, including State and waste lands—but, in practice, these undertakings have remained almost completely unfulfilled. So much so, that Mr. Rappard, a member of the Permanent Mandates' Commission, found himself compelled to say, at the 17th session of the Commission, that "the Government's method of encouraging

immigration had been to limit it, and they had done practically nothing concrete to encourage close settlement by Jews on the land".

#### THE PROPOSED LEGISLATURE AND LOCAL GOVERNMENT

At the moment of writing, the Palestine Government is contemplating the introduction of a measure which will inevitably make more difficult Great Britain's adherence to her undertakings to the Jewish people; which may undermine the achievements and prospects of Palestine Labour; and which, if it be proceeded with, may ultimately put an end to that remarkable process of development which has been apparent in Palestine for some two decades.

The proposal for the establishment of a Legislature in Palestine has met with the severest criticism and opposition on the part of Jewish Labour and of Palestine Jewry in general. From a Jewish point of view the scheme is unacceptable because the establishment of a Legislative Council, based on the present numerical strength of the two communities, means the perpetuation of the minority status of the Jewish people in the one country in which they were promised they would have the opportunity to create their National Home. It would mean that their further development would be dependent on the goodwill of the Arab population. The "reservation" of certain subjects and the "veto right" of the High Commissioner provide only the most unsatisfactory safeguards. Experience in other countries has sufficiently proved this contention.

It must be remembered, further, that when the High Commissioner first announced to the Permanent Mandates' Commission his intention to establish a Legislative Council in Palestine, he coupled the announcement with an undertaking first to develop local government in order that the population, and particularly its more backward section, might be educated in the art of administering its local affairs.

The Government's activity in this field has resulted in complete failure. Save for the addition of Tel-Aviv, the number of municipalities in Palestine has not increased since the time of the rule of the Turks. (Tel-Aviv, having developed so rapidly that it is now the largest town in the country, assumed the status of a municipality in 1934.) In the rural areas, the number of Local Councils is exactly the same as it was ten years ago; franchise in Municipal Local Councils is so limited that only an insignificant fraction of the population is entitled to vote. In the whole district of Jerusalem, for instance, (but excluding the city of Jerusalem itself) only 2,732 persons, out of a settled population of 164,039, enjoyed the right of franchise at the 1927 municipal and local council elections. At the 1934 elections, held subsequently to the introduction of the new Municipal Council ordinance, the electorate was further decreased by 25% despite a probable increase in population. In the Southern district under 1.9% of the total settled Arab population has the right to vote.

#### THE MOSLEM COMMUNITY

What is, perhaps, even more significant is that Government has made no attempt to establish the administration of the communal affairs of the Moslem



community in Palestine on a democratic or, at least, a more or less representative basis. The Jewish community has taken full advantage of existing law to establish their administrative organs on completely democratic lines. Not so the Moslem Community. With the consent of the Government, the Moslem community is now administered by a Supreme Moslem Council, which was elected in 1920 by the survivors of the Moslem electors to the last pre-war Turkish Parliament! When, in 1925, the term of office of the members of the Council expired, new elections were held, but the irregularities of which those responsible for the elections were guilty were so blatant that the High Court declared the elections null and void. The Government thereupon re-appointed practically the original Council which was to act "provisionally". These provisional arrangements have remained in force from 1926 until to-day. Ten solid years of rule by a handful of men (five in number!) over the vast fortunes of the Moslem community; over their religious courts, which are the only authorities in matters of personal status; over considerable educational activity; over their relief to the poor; and over other matters.

In regard to the effect of the proposed Council on Palestine Labour, it may be asserted that Arab Labour will remain unrepresented in that Council. Up-to-date no Arab Labour representative has found a place in a Municipality, a Local Council or a standing Committee of the Government, except one who secured his seat on the Municipal council of Haifa as the result of the efforts of the organised Jewish workers of the town.

More generally, experience of past events, gives ample support to the belief, that on any occasion on which labour legislation or labour matters are in question, the appointed Government officials will stand strongly in opposition to labour reform in union with

the Arab *effendi* representatives. One can estimate how much more difficult, under a legislature of the kind, will become local Labour's struggle for the improvement of labour conditions.

#### THE NEED FOR REFORM

If the Government desires, in earnest, that the inhabitants in Palestine should participate in the administration of the affairs of the country, there is only one way open to them; the real development of local government, with wider franchise and the promulgation of a municipal law giving more power to the elected councillors, making them less dependent on Government officials; further, the "democratization" of the autonomous Moslem community, so as to make it representative of that community, and not representative of the survivors of electors to the pre-war Turkish Parliament, nor of the Government's policy of supporting one Arab family against another.

If the Government is honest in its pledge to the Jewish people, there is only one way open to it: to refrain from introducing legislation through which the Jews will be forced to assume a minority status in the only country of hope which is still open to them.

British Labour declared its position in the question of Palestine as early as in 1917, in the War Aims Memorandum, stating in clear and unequivocal terms that Palestine should "form a free state under international guarantee, to which such of the Jewish people as desire to do so may migrate and may work out their salvation free from interference by those of alien race or religion". The introduction, at the present stage of the country's development, of a Legislative Council of the kind which has been proposed cannot but be regarded as a complete negation of the views so clearly and forcibly expressed above.

## WORK OF THE NEW FABIAN RESEARCH BUREAU

### CHANGE OF ADDRESS

The Bureau has had to vacate its old offices, the landlord requiring the rooms himself. The new address of the Bureau will be: **37 Great James Street, London, W.C.1. This is the next street to John Street, off Theobalds Road.**

### REVIEW OF RESEARCH

A complete review of the past and future work of the Bureau is now being undertaken. Suggestions as to new lines of research and offers of assistance will be welcomed. Anyone willing to give such assistance is asked to communicate with the General Secretary, 37 Great James Street, London, W.C.1.

### WORK IN PROGRESS

Work has been put in hand during the last three months on the following subjects:

#### I ECONOMIC SECTION

##### Socialization of:

- Shipping Industry
- Cotton Industry
- Chemical Industry
- Milk Distribution
- Planning Machinery

#### II POLITICAL SECTION

The Press (Final draft)

#### III INTERNATIONAL SECTION

Future of British Colonial Policy  
Palestine

### COMPLETED MEMORANDA

The following have been added to the list of completed memoranda available at the office for reference:

#### I ECONOMIC SECTION

##### Socialization of:

Insurance (First draft)  
Gas

#### II INTERNATIONAL SECTION

Foreign Trade under Socialism

### CONFERENCES

The conference on MECHANIZATION AND RATIONALIZATION has been postponed and will now be held on May 9-10, 1936. The speakers who have agreed to attend the conference include Harold Clay, G. Chester, J. T. Murphy, T. G. Edwards, W. Stott and G. W. Brown.

An INTERNATIONAL CONFERENCE ON SOCIALIST PLANNING is to be held in Geneva on April 17-19, 1936, and the Bureau has undertaken to provide the British delegation. Anyone interested in this conference is asked to apply to the General Secretary.



## RECOMMENDED BOOKS

- |   |   |                             |  |
|---|---|-----------------------------|--|
| C.W.S.                                    | THE PEOPLE'S YEAR BOOK 1936 (C.W.S. Cloth 2/-, Paper 1/-). Valuable facts and articles on subjects not by any means confined to cooperation.  |                             |  |
| Keynes, J. M                              | THE GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY (Macmillan 5/-). Few people will doubt that this is the most important contribution made to economic thought for many years. Mr Keynes emphasises the central connection between monetary policy and employment. The argument, if not so revolutionary as it has been painted, is fundamental and deals with urgent realities. | Sophian, T. J               | THE HOUSING ACT, 1935 (Pitman 12/6). The complete annotated text of the Act together with a full introduction to the matters with which the Act deals. Useful for reference.   |
| Henderson, Fred                           | CAPITALISM AND THE CONSUMER (Allen & Unwin 4/6). Mr Henderson expounds with great lucidity a rather curious version of the under-consumptionist thesis.   | Cummings, A. J              | THE PRESS (Bodley Head 3/6). A defence of the freedom of the Press, illustrated by accounts of what happens where its freedom is suppressed. A lively polemic, rather than a detailed study.   |
| Beveridge, Sir William                    | PLANNING UNDER SOCIALISM AND Other Addresses (Longmans 3/6). A collection of lectures and wireless talks. The first is a sympathetic and thought-provoking contribution to the discussion of socialist planning, which deserves careful study.  |                             | THE U.S.S.R. HANDBOOK (Gollancz 15/-). Summarizes information not available to the British public since the discontinuance of the Soviet Union Year Book. More important than ever since the Soviet Union publishes so few regular figures.  |
| Saunders, C. T                            | SEASONAL VARIATIONS IN UNEMPLOYMENT (Longmans 15/-). An outstanding study of the unemployment problem from an unusual angle. Many significant and little-known facts emerge.  | Reddaway, W. B              | THE U.S.S.R. IN FIGURES (Kniga 3/-). The economic and social statistics of the State Planning Commission.  |
| P.E.P. Industries Group                   | REPORT ON THE BRITISH COAL INDUSTRY (P.E.P. 7/6). A summary of facts and figures about the coal industry. Valuable for reference, but not for policy.   | Lowe, B. E., A.M., Ph.D     | THE RUSSIAN FINANCIAL SYSTEM (Macmillan 5/-). An interesting and objective study.  |
| Jones, Joseph, O.B.E., J.P                | THE COAL SCUTTLE (Faber & Faber 5/-). The President of the Miners' Federation puts forward a plan for a nationalized and unified coal and oil industry.   |                             | INTERNATIONAL PROTECTION OF LABOUR: International Labour Organization, History and Law: (Macmillan 15/-). Revised and Enlarged Edition. An extremely valuable reference book with comprehensive bibliographies; the author deals not only with the I.L.O. but with the numerous socialist, trade union and other congresses that preceded it and paved the way for it. |
| Williams, W. H., edited by                | THE MINER'S TWO BOB (Martin Lawrence 2/6). A description of the financial ramifications of the coal industry by the Secretary of the Labour Research Department.  | International Labour Office | INTERNATIONAL SURVEY OF SOCIAL SERVICES 1933, Vol. I (King Paper 15/-, Cloth 17/6). Although the information contained in this book ends with 1933, the survey should be of great value to students of social administration. It covers nineteen of the principal countries in the world.  |
| Orr, Sir John B                           | FOOD, HEALTH AND INCOME (Macmillan 2/6). A challenging presentation of the facts about mal-nutrition and its prevalence in this country. The wealth of detailed statistics, compiled by the greatest living authority on the subject, makes this book doubly valuable.  | Zimmern, Sir Alfred         | THE LEAGUE OF NATIONS AND THE RULE OF LAW, 1918-1935 (Macmillan 12/6). A history of the constitution and working of the League. Contains useful facts and lively description, though many will disagree with some of the interpretations.  |
| Stapledon, R. G                           | THE LAND NOW AND TOMORROW (Faber 15/-). An informative and forceful work by a pioneer of agricultural research, who is not afraid to face up to the problems of land utilization and agricultural reconstruction in a constructive manner.  |                             |  |
| Howard, Louise E                          | LABOUR IN AGRICULTURE: An International Survey (Oxford University Press 18/-). A valuable factual survey containing information never before brought together in so compact a form; deals with labour conditions in agriculture all over the world.   |                             |  |
| Henderson, Arthur, M.P<br>Maddock, Leslie | HOUSING ACTS, 1899 to 1935 (Eyre & Spottiswoode 30/-). Full texts, with notes thereon, of all the unrepealed Housing Acts from 1899 to 1935. Also a useful summary dealing with overcrowding, slum clearance and ribbon development.  |                             |  |

The following two books by H. R. G. Greaves are to be published in the middle of April and can be supplied through the Bureau on application to the General Secretary, 37 Great James Street, London, W.C.1.

RAW MATERIALS AND INTERNATIONAL CONTROL  
(Methuen 5/-)

REACTIONARY ENGLAND (Methuen 6/-)

Mr Greaves is a member of the International Section of the Bureau and the author of two Bureau pamphlets on Foreign Affairs.







# INTERNATIONAL DIARY

March—May, 1936.

- |       |       |  |       |    |  |
|-------|-------|--|-------|----|--|
| March | 2     | Meeting of Committee of Eighteen<br><i>Egypt</i> —Opening of negotiations with British Government  | April | 22 | <i>Palestine</i> —Arab leaders refused to send delegation to London  |
|       | 3     | Committee of Thirteen appealed to belligerents to end war<br><i>Abyssinia</i> —Large-scale use of gas by Italians<br><i>China</i> —Conscription introduced<br><i>G.B.</i> —Rearmament White Paper issued |       | 25 | <i>Hungary</i> —Four agreements with Poland signed<br><i>Japan</i> —Foreign Minister declared time not ripe for non-aggression pact proposed by U.S.S.R.   |
|       | 4     | <i>G.B.</i> —Navy estimates up £10m<br><i>U.S.S.R.</i> —Stalin declared U.S.S.R. would assist Outer Mongolia if attacked by Japan  |       | 26 | <i>France</i> —First ballot in elections; Communist vote doubled<br><i>Poland</i> —Official visit of Belgian Premier   |
|       | 5     | <i>G.B.</i> —Army estimates up £4m   |       | 28 | <i>Egypt</i> —Death of King Fuad; Prince Farouk proclaimed king  |
|       | 6     | <i>G.B.</i> —Air estimates up £12½m  |       | 30 | <i>Abyssinia</i> —Emperor returned to capital<br><i>Austria</i> —Concern felt at resumption of hostile campaign in German press<br><i>Egypt</i> —Agreement with Suez Canal Co.; two Egyptians made directors<br><i>G.B.</i> —Supplementary estimates for navy (£10m.)                      |
|       | 7     | <i>Germany</i> —Treaty of Locarno denounced; "peace" plan published  |       |    |  |
|       | 8     | Belgian and French Governments appealed to League Council against German action  | May   | 1  | May Day demonstrations against war and fascism in all democratic countries   |
|       | 9     | <i>G.B.</i> —Eden stated Britain still stood by Locarno  |       | 2  | <i>Abyssinia</i> —Emperor left for Djibouti<br><i>Egypt</i> —Overwhelming Wafd victory in elections<br><i>France</i> — <i>Front Populaire</i> victory on second ballot; 381 seats for Left, 237 for Right  |
|       | 10    | Committee of Thirteen postponed<br>Discussion of Locarno Powers in Paris   |       | 4  | Conference of <i>Balkan Entente</i> in Belgrade<br><i>Greece</i> —Declaration that in future obligations would be limited to purely Balkan disputes  |
|       | 11    | <i>Little Entente</i> re-affirmed loyalty to Covenant  |       | 5  | <i>Abyssinia</i> —Italians entered Addis Ababa   |
|       | 12    | Conference of Locarno Powers in London<br><i>U.S.S.R.</i> —Protocol of mutual assistance signed with Outer Mongolia  |       | 6  | <i>Italy</i> —Mussolini announced Italy now "satisfied" power; no further aggressive intentions in Mediterranean<br><i>S. Africa</i> —Premier declared in favour of indefinite continuation of sanctions   |
|       | 14    | Meeting of League Council in London; invitation to Germany to attend   |       | 7  | Conference of <i>Baltic Entente</i> in Tallinn<br>Permanent Council of <i>Little Entente</i> met in Belgrade<br><i>Germany</i> —British questions handed to Foreign Minister   |
|       | 19    | Von Ribbentrop's speech to League Council; resolution condemning Germany's action passed unanimously   |       | 8  | <i>Palestine</i> —All Arab parties decided on disobedience campaign unless demands met<br><i>Poland</i> —Complete control of all foreign trade established   |
|       | 19-20 | Joint meeting of L.S.I. and I.F.T.U. in London   |       | 9  | Private conference of "Neutral" States   |
|       | 20    | <i>G.B.</i> —Text of decisions of Locarno Powers issued in White Paper   |       | 10 | <i>Spain</i> —Senor Azana elected president<br><i>Yugoslavia</i> —Premier stated trade agreements with Germany had no political significance   |
|       | 21    | Meeting of "Neutral" States in London  |       | 11 | 92nd session of League Council; Italians left meeting  |
|       | 22-23 | Conversations between Mussolini and Austrian and Hungarian Ministers in Rome ended in agreements on political and economic questions   |       | 12 | League Council adjourned<br><i>Austria</i> —Starhemberg sent telegram of congratulations to Mussolini<br><i>China</i> —Accusations against Japanese Government with regard to smuggling in North China<br><i>Italy</i> —British and French Governments notified of annexation of Abyssinia |
|       | 23    | Further appeal to belligerents by Committee of Thirteen  |       | 14 | <i>Austria</i> —New Cabinet formed without Starhemberg<br><i>Palestine</i> —High Commissioner warned Arab leaders of stern measures unless disorders stopped   |
|       | 24    | League Council adjourned indefinitely  |       | 15 | <i>Austria</i> —Chancellor announced disarmament of Heimwehr<br><i>France</i> —Eden saw Flandin and Blum<br><i>Guatemala</i> —Withdrawal from League for internal economic reasons   |
|       | 25    | Naval Treaty signed in London  |       | 16 | <i>Italy</i> —Mussolini received Starhemberg; all Fascists between ages of 21 and 55 ordered to request honour of joining the Militia  |
|       | 27    | <i>U.S.S.R.</i> —Ratifications of Franco-Soviet Pact exchanged; further armed clashes with Japanese and Manchurian troops  |       | 18 | <i>U.S.A.</i> —Senate ratified Naval Treaty; Secretary of Treasury announced agreement with Central Bank of China to assist currency stabilisation   |
|       | 29    | <i>Germany</i> —"Elections" held   |       | 20 | <i>G.B.</i> —Naval conversations with U.S.S.R. opened  |
|       | 31    | <i>Czechoslovakia</i> —Import and sale of 128 German newspapers and periodicals prohibited<br><i>U.S.S.R.</i> —Japanese raid on Outer Mongolian territory  |       | 24 | <i>Belgium</i> —Socialists returned as largest party in general elections<br><i>China</i> —Foreign Minister appealed for friendship with Japan; announced determination to combat Communism  |
| April | 1     | <i>Austria</i> —Conscription Bill passed<br><i>Germany</i> —Reply to Locarno Powers  |       | 26 | <i>Belgium</i> —Socialists returned as largest party in Senate elections   |
|       | 2     | <i>Abyssinia</i> —Appeal to League for financial assistance and strengthening of sanctions   |       | 29 | Special meeting of League Assembly requested by Argentine  |
|       | 3     | <i>Italy</i> —Assurance to British Government that treaty rights would be respected in Abyssinia   |       |    |  |
|       | 5     | Report of Committee of Thirteen<br><i>Little Entente</i> protested against conscription in Austria   |       |    |  |
|       | 7     | <i>Spain</i> —President dismissed from office  |       |    |  |
|       | 8     | Meeting of Committee of Thirteen<br><i>France</i> —Reply to German memorandum<br><i>U.S.S.R.</i> —Details of agreement with Outer Mongolia published   |       |    |  |
|       | 10    | Meeting of Locarno Powers at Geneva; German memorandum declared unsatisfactory<br><i>Turkey</i> —Formal request for modification of clauses forbidding fortification of Dardanelles                      |       |    |  |
|       | 12    | <i>India</i> —Conference of National Congress Party  |       |    |  |
|       | 15    | <i>Abyssinia</i> —Italians occupied Dessie<br><i>Germany</i> —Foreign Office reorganised<br><i>Palestine</i> —Commencement of disorders  |       |    |  |
|       | 15-18 | Staff talks in London  |       |    |  |
|       | 18    | Committee of Thirteen reported breakdown of conciliation efforts   |       |    |  |
|       | 20    | Meeting of League Council  |       |    |  |
|       | 21    | <i>Manchukuo</i> —Governor and three high officials of North Hsingau executed for alleged espionage on behalf of U.S.S.R.  |       |    |  |



